



## CHAPTER 2

# ACTIVITIES & DEVELOPMENTS

## DURING 2003

### City Incorporation

City incorporation activities occurred in the following localities during 2003:

- Anchor Point
- Crooked Creek
- Gustavus
- Hyder
- Meadow Lakes
- Naukati Bay
- Salcha
- Talkeetna



#### Anchor Point

The Anchor Point Chamber of Commerce requested assistance with apprising people in the community about city incorporation and the process therefor. The Chamber requested that an LBC Staff member attend a meeting and explain the matter for the community. Interest in incorporation appears to be related to economic devel-

opment and public safety, particularly during fishing season. Staff provided the requested assistance and distributed materials relevant to city incorporation. Staff also encouraged the community to work with representatives from the Kenai Peninsula Borough and the Cities of Homer, Kenai, Seldovia, Seward, and Soldotna to develop revenue and expense projections for the city of Anchor Point.

#### Crooked Creek

A resident of Crooked Creek requested assistance with beginning the incorporation process for Crooked Creek to be a second class city. She indicated that the Tribal Council had requested that she pursue the matter for the community. She explained that the community desires to have control over the port if one is built regarding the

## Location Map of Crooked Creek and the Donlin Creek Mine



Donlin Creek mining activities. LBC Staff provided petition forms for incorporation of a second class city, as well as other relevant materials regarding such incorporation.

Subsequently, a representative of Calista Corporation requested information from Staff about the interest expressed by some members of the community to incorporate as a city. Staff explained that a request for information had been received by LBC staff and information was provided but that additional information could be distributed if needed. The Calista representative observed that a presentation on the pro's and con's of city incorporation might be helpful at some later date.

### Gustavus

The *Petition to Incorporate Gustavus as a Second Class City in the Unorganized Borough* (Petition) proposed establishment of a second class city with boundaries totaling 39.25 square miles of land and water. A portion of that area lies within Glacier Bay National Park and Preserve and includes submerged lands and tide-lands in Bartlett Cove. The area proposed for incorporation was identical to that approved by the Commission in 1997 regarding a similar petition to incorporate Gustavus as a second class city, which incorporation failed to win majority approval during election.

Forty-seven individuals signed the Petition. It was subsequently determined that thirty-eight of the signatures were from qualified voters. The thirty-eight signatures were sufficient to satisfy the requirements of AS 29.05.060(12) for filing the Petition. On March 4, 2003, the DCED completed its technical review of the Petition and accepted it for filing.

In August 2003, the DCED completed its preliminary report on the Gustavus incorporation proposal. The DCED concluded that the Gustavus incorporation proposal met the thirteen applicable standards established in the Constitution, Alaska Statutes, and the Alaska Administrative Code. Consequently, the DCED recommended that the Commission approve the Petition without modification.

Following the informational public meeting held in Gustavus to discuss the incorporation proposal, the DCED issued its final report to the Commission on the Gustavus incorporation proposal. In the final report the DCED addressed the written comments on preliminary report and the significant developments

regarding the Gustavus incorporation proposal that had occurred since issuance of its preliminary report.

The DCED's final report affirmed the analysis and conclusions set out in the preliminary report with respect to all standards but recommended that the Commission amend the petition to provide that the proposed levy of the 4 percent excise tax will apply only to overnight accommodations.

The Local Boundary Commission conducted a public hearing in the community of Gustavus on the petition to incorporate Gustavus as a second class city. The DCED recommended that the LBC approve the petition for incorporation with one amendment: to modify the Petition to provide that the 4 percent excise tax will be strictly a 'bed tax' (i.e., it will apply only to short-term overnight accommodations). Approximately 100 people attended from the community.

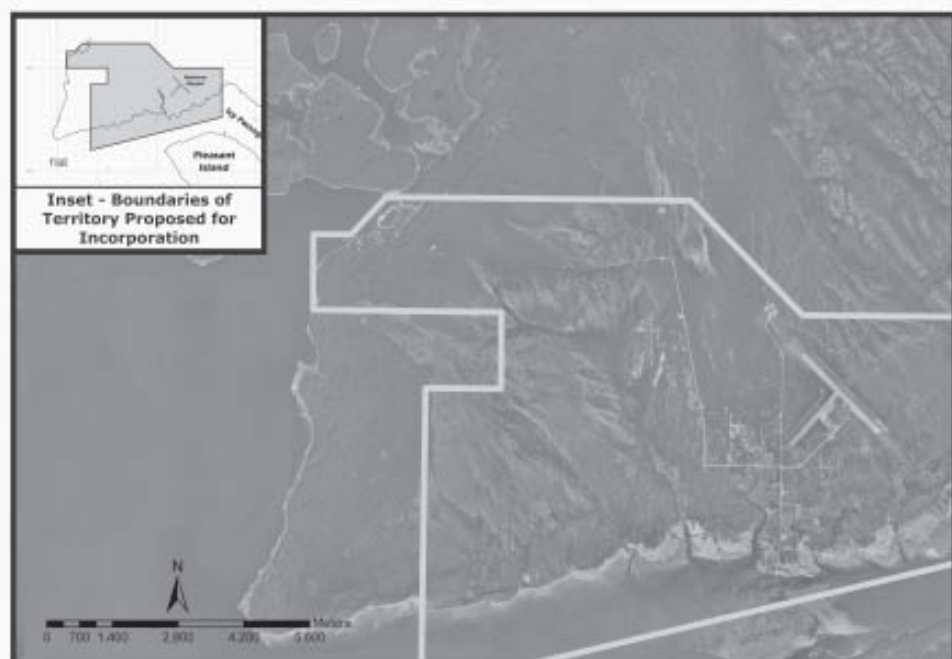
Immediately following conclusion of the public

hearing, the LBC held a decisional session to discuss the incorporation petition and the DCED's recommendations. The Commissioners attending the hearing unanimously approved the petition to incorporate Gustavus as a second class city in the unorganized borough but amended the petition to provide that the 4 percent excise tax will be strictly a 'bed tax' (i.e., it will apply only to short-term overnight accommodations), as recommended by the DCED. With the amendment, incorporation of the City of Gustavus will still be conditioned upon voter approval of the proposition authorizing the proposed city to levy the excise taxes (i.e., both the 2 percent general sales tax

and the 4 percent 'bed' tax). On November 17, 2003, the LBC reviewed and approved, without change, a draft decisional statement regarding the petition to incorporate Gustavus as a second class city. No petition for reconsideration of the LBC decision was filed.

On December 8, the Chair of the LBC formally notified the Director of the Division of Elections that the Commission had accepted a petition for incorporation of the City of Gustavus. The Director of the Division of Elections had 30 days to order an election on the matter.

On December 30, 2003, the Director of the Division of Elections issued an order



*Boundaries of the proposed second class City of Gustavus.*

and notice of election for incorporation of the City of Gustavus. Under AS 29.05.110(a), the Director of the Division of Elections must hold the election not less than 30 days or more than 90 days after the date of the election order. The election for the incorporation of the City of Gustavus and the election of initial officials will be conducted by mail on March 16, 2004.

LBC staff has notified the U. S. Department of Justice of the pending election and requested federal Voting Rights Act preclearance for the matter.

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### Hyder

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Staff provided forms to petition for incorporation of a second class city, together with other relevant materials to two residents of Hyder. The Hyder Community Association is interested in initiating a petition for incorporation of Hyder as a second class city in the unorganized borough.

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### Meadow Lakes

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LBC staff provided extensive information and materials to residents of the Meadow Lakes area regarding formation of a city

government. The Meadow Lakes area lies between Wasilla and Houston. Emphasis was placed on the standards and guidelines for determining whether a settlement constitutes a community (3 AAC 110.990(5) and 3 AAC 110.920). Residents were advised to carefully review the limitations on the incorporation of a city (AS 29.05.021(b) and 3 AAC 110.010(b)). It was strongly recommended that if they wish to pursue incorporation, they should confer with officials of the Matanuska-Susitna Borough, City of Wasilla, and City of Houston (both in terms of the limitations noted above and - at least in the case of the Borough - the transition provisions of 3 AAC 110.900).

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### Naukati Bay

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The DCED staff provided information and assistance to residents of Naukati Bay regarding city incorporation. Specifically, information was provided about the proposed revenues and expenditures.

A draft petition was filed with LBC staff for analysis. LBC staff completed its review of the draft petition in December and forwarded

the results of that review to the representative of the residents who are pursuing incorporation.

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### Salcha

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Residents of Salcha made a preliminary inquiry concerning formation of a city government in Salcha.

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### Talkeetna

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The DCED staff received an inquiry from the Matanuska-Susitna Borough planning staff wanting information on municipal incorporation to pass on to Talkeetna residents interested in the issue. That information was provided.

## City Annexation

City annexation activities occurred in the following localities during 2003:

- Akutan
- Eagle
- Fairbanks
- Hydaburg
- King Cove
- North Pole
- Palmer
- Pelican
- Petersburg
- Wasilla



### Akutan

Officials of the City of Akutan are contemplating annexation of territory to encompass new development adjoining the existing boundaries of the City.

### Eagle

Staff of the City of Eagle made inquiries concerning standards for annexation to city governments. It appears that the City of Eagle is developing a proposal for annexation.

### Fairbanks

An initiative proposal to drastically cut property taxes and replace them with a 3 percent sales tax was presented to voters of the City of Fairbanks on October 7, 2003. The LBC staff was advised by a City of Fairbanks official that if the proposition were approved, there would be significant interest on the part of some, specifically including the Fred Meyer store, in seeking annexation to the City of Fairbanks. The LBC staff provided information about the local action annexation

process. The sales-tax proposal was voted down. No further inquiries about annexation to the City of Fairbanks have been made to the LBC staff.

### Hydaburg

LBC staff provided officials of the City of Hydaburg with information about expanding the City's boundaries to encompass its watershed. Information was also provided about the ability of the City to exercise extraterritorial control over its watershed as an alternative to annexation.



## King Cove

A representative of the City of King Cove indicated that the City wishes to petition for annexation. Floating fish processors reportedly use the area in question. The City is concerned that the processors and their employees impact the community, but avoid contributing to the support for community services by operating outside the boundaries of the City. The representative expressed the belief that all of the territory in question is reportedly owned either by the King Cove Native Corporation or the State of Alaska. Petition forms for local action annexation of the territory were provided to the representative.

The Department of Natural Resources declined a request from the City of King Cove to petition the Local Boundary Commission for annexation of approximately twenty square miles of land, tideland, and submerged land to the City of King Cove. That action precludes the use of the local action annexation process. It will compel the City of King Cove to use the legislative review annexation process if it wishes to pursue annexation.

In November, LBC staff reviewed a draft petition for annexation of 22 square miles to the City of King Cove and provided the City's representative suggested revisions and additions to the petition.

## North Pole

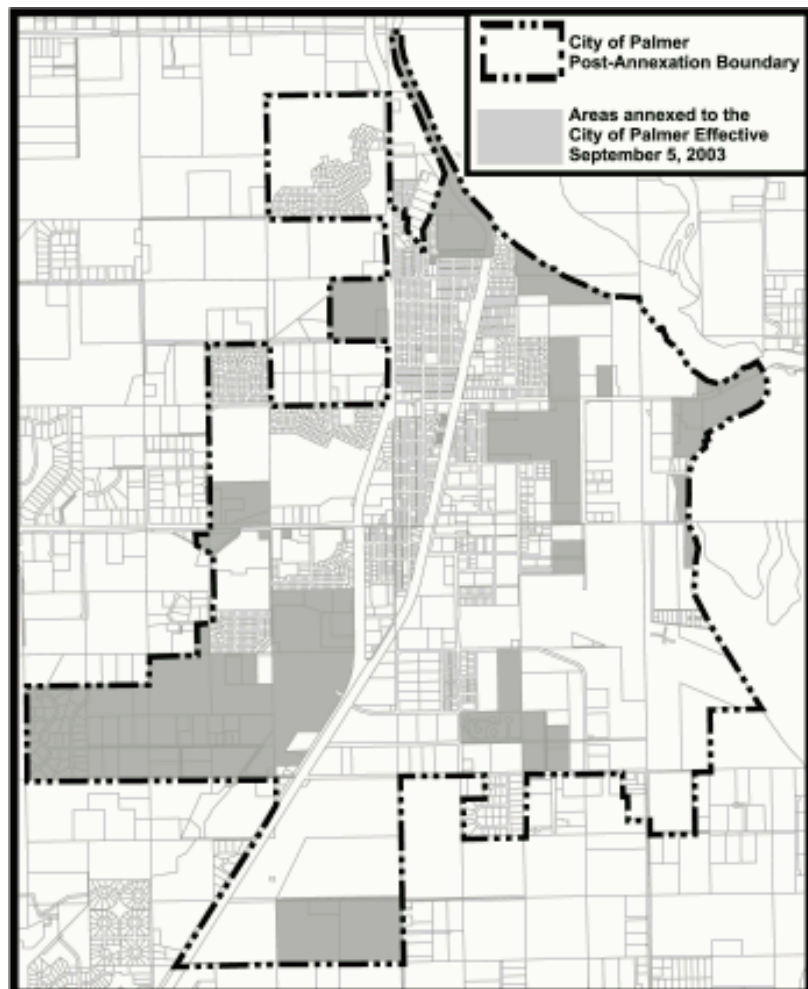
Staff of the City of North Pole indicated that the City wishes to annex four parcels adjoining the City for use as an airport. Petition

forms for annexation of property upon request of all property owners and resident registered voters were updated to conform to current regulations. Those forms and information about standards and procedures were provided to the City of North Pole.

## Palmer

In December 2002, the LBC approved the annexation of 861.44 acres to the City of

## Post-Annexation Boundaries for the City of Palmer



Palmer. Annexation was subject to tacit approval by the Legislature under Article X, Section 12 of the Alaska Constitution. The tacit approval was given effective March 16, 2003. However, under State law, the annexation did not take effect until the City of Palmer provided evidence to the DCED that Palmer had obtained Justice Department approval of the annexation under the Federal Voting Rights Act.

The City delayed seeking the required Federal Voting Rights Act approval while the Palmer City Council considered a proposal for transitional zoning for newly annexed areas. The proposed transitional zoning proposal was intended to maintain pre-annexation land use provisions for private, nonresidential property absent health or safety concerns. Following review of the City of Palmer Planning and Zoning Commission's recommendation, the City Council rejected the proposal. Consequently, all annexed properties were to be initially designated either residential or public lands.

On September 5, 2003, the City of Palmer submitted documentation to the DCED that Federal Voting Rights Act Preclearance for the annexation had been granted by the U.S. Justice Department. The annexation was effective September 5, 2003.

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### **Pelican**

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The City of Pelican contemplated annexation of outlying areas, including the settlements of Phonograph and Sunnyside. LBC staff provided information to the Mayor of Pelican regarding annexation standards and procedures. Shortly thereafter, LBC staff met with the Mayor of Pelican. She advised LBC staff that recently reported interest in annexing the settlement of Phonograph to the City of Pelican had abated. Consequently, the City did not intend to pursue annexation of that area in the foreseeable future.

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### **Petersburg**

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Officials of the City of Petersburg are contemplating annexation of territory to the city government. LBC staff provided information regarding the matters to City representatives.

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### **Wasilla**

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Based on prior indications that the City of Wasilla is contemplating a local action annexation, the LBC staff provided updated petition forms to the City of Wasilla for that action. An official of the City of Wasilla also indicated that the City might seek a legislative review annexation proposal in the future.

## City Dissolution

City dissolution activities occurred in the following localities during 2003:

- ➡ Holy Cross
- ➡ Hydaburg
- ➡ Kivalina
- ➡ Mekoryuk
- ➡ Quinhagak
- ➡ Ruby



### Holy Cross

LBC staff spoke with the Vice-Mayor and one council member of the City of Holy Cross regarding dissolution. According to those City officials, the Holy Cross Tribal Council is promoting dissolution of the City of Holy Cross. The City officials characterized the level of interest in dissolution among local residents significant enough to meet the signature requirements to file a formal petition for dissolution. LBC staff provided information about standards and procedures for dissolution. It was stressed that the petitioner must use petition forms provided by the DCED.

In May, LBC staff communicated with a Holy Cross resident regarding the effects of dissolution.

### Hydaburg

In October, the City of Hydaburg suspended local government operations (e.g., the City of Hydaburg School District continued to operate). According to new media accounts, the action was taken because none of the City's economic development projects had been fruitful. A news reporter expressed the view that the suspension would likely be only temporary.

### Kivalina

In June, DCED staff met with the Administrator for the City of Kivalina to discuss the municipal dissolution process and the effects such dissolution would have on Kivalina. The Administrator indicated to staff that her request for information was

based on an interest expressed by the Mayor of Kivalina to dissolve the City. Among the topics discussed, staff advised that Kivalina would lose its authority to levy taxes and that because Kivalina is part of an organized borough, Kivalina's ability to directly receive State Revenue Sharing and Safe Communities Program funding would be discontinued. LBC staff provided documentation to assist her in understanding the dissolution process.

In August, a member of the Kivalina City Council requested forms to petition for dissolution of the City of Kivalina. Kivalina is a second class city in the Northwest Arctic Borough. Staff from the Northwest Arctic Borough also contacted the Division Director and LBC staff regarding this matter. The City of



Kivalina held a public meeting regarding dissolution on September 2, 2003. Staff from the Northwest Arctic Borough were present to address matters relating to future delivery of services in Kivalina.

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### **Mekoryuk**

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The DCED staff in Bethel is assisting officials for the City of Mekoryuk with information regarding city dissolution. LBC staff provided him with relevant materials and laws that

address the standards for dissolution. LBC staff is also revising the petition form for dissolution and will forward it to the Bethel DCED office once the form is updated.

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### **Quinhagak**

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The Mayor of Quinhagak advised staff in DCED's Bethel regional office that some community residents have expressed interest in dissolving the City of Quinhagak. The Mayor was encouraged to have

those individuals contact the LBC staff for further information.

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### **Ruby**

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The Tribal Chief of Ruby expressed interest in exploring dissolution of the City of Ruby.

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## **City Reclassification**

City reclassification activities occurred in the following localities during 2003:

- Angoon
- Dillingham

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### **Angoon**

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The DCED staff spoke to a council member generally about reclassification of the city to first class status.



## Dillingham

The City of Dillingham explored reclassification to second class city status. Such reclassification would result in the merger of the Dillingham City School district into the Southwest Region REAA. LBC staff

provided a consultant to the City with information that had been prepared for a presentation on the prospective reclassification of the City of Pelican (which is analogous to a prospective proposal for reclassification of the City of Dillingham).

## Borough Incorporation

Borough incorporation activities occurred in the following areas during 2003:

- Delta-Greely Area
- Dillingham Area
- Glacier Bay Area
- Petersburg



## Delta-Greely Borough

The City of Delta Junction is exploring four local government scenarios using funding from the National Missile Defense project. The scenarios are: (1) status quo, (2) expanding the boundaries of the existing second class City of Delta Junction; (3) reclassifying the City of Delta Junction

to a first class city and expanding its boundaries; or (4) forming an organized borough.

A Delta Greely Borough study was filed with the DCED staff in November 2003. One of the revenue sources contemplated for a prospective borough is a \$2/ounce severance tax on gold. If the Pogo mine is developed in that region, it is projected that it would

produce between 500,000 and 550,000 ounces of gold annually for 11 years.

## Dillingham Area

A consultant to the City of Dillingham inquired about the prospects of forming an 'interim Dillingham-Aleknagik-Wood River-Tikchik watershed borough' with the understanding that such would ultimately

expand to include the entire area within the model borough boundaries. Staff expressed reservation that the LBC would support such an interim proposal. The City of Dillingham was encouraged to express the local sentiments on the matter to the LBC in writing.

### Glacier Bay

The City of Hoonah undertook efforts to develop a petition for incorporation of a Glacier Bay area borough. LBC staff provided information about standards and procedures for borough incorporation.

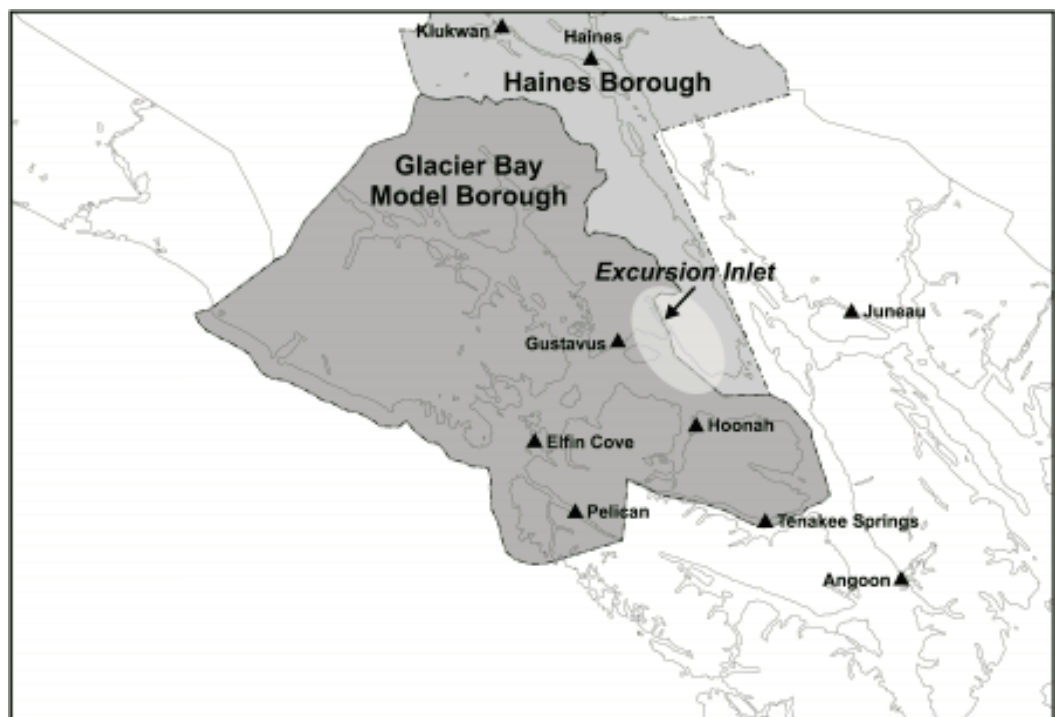
On April 18, 2003, LBC staff and the Division Director met with representatives of the City of Hoonah regarding its efforts to develop a petition to incorporate a borough. Hoonah officials envisioned the prospective borough proposal to follow the Glacier Bay Region Model Borough boundaries, with one significant excep-

tion. The exception is the addition of Excursion Inlet, which is currently within the boundaries of the Haines Borough. It was also noted that there was slight interest by some in considering the inclusion of White Sulfur Hot Springs (currently within the boundaries of the City and Borough of Sitka) and Funter Bay (currently within the model boundaries of the City and Borough of Juneau). However, those areas were not anticipated to be included in the proposal.

Excursion Inlet was annexed to the Haines Borough in 1975. The Hoonah officials were advised that

it is technically possible to petition for incorporation of a borough encompassing territory within the boundaries of an existing borough under 3 AAC 110.060(e). To be successful, however, such a proposal must meet borough incorporation standards for the entire area and borough detachment standards for the area within the boundaries of the existing borough. LBC staff indicated that Hoonah should anticipate intense opposition to any proposed detachment of Excursion Inlet from the Haines Borough. Hoonah officials were encouraged to make an accurate determination of the fiscal impacts that such a proposal would have

### Glacier Bay Model Borough



on the viability of both the prospective Glacier Bay Borough and the existing Haines Borough. Moreover, Hoonah officials were strongly encouraged to confer with Haines Borough officials regarding the matter at the earliest opportunity and to keep them informed of developments in the matter.

Discussion also occurred concerning the nature of the prospective borough proposal. Interest was

initially expressed in forming a home rule borough. LBC staff summarized differences between home rule and general law. LBC staff stressed that preparation of a home rule charter is a complex and lengthy process. Hoonah officials were urged to consider the alternative of general law status with the understanding that, once established, the borough could adopt a home rule charter.

## Petersburg

The City of Petersburg is considering the alternative of forming a borough government encompassing roughly the northern half of the territory within the Wrangell-Petersburg Model Borough boundaries.

## Borough Annexation

Borough annexation activities occurred in the following borough during 2003:

### Ketchikan Gateway Borough

On October 6, 2003, the Ketchikan Gateway Borough Assembly authorized, by a vote of 4-3, a petition to the LBC for annexation of all territory within the Borough's model boundaries not already within the existing corporate boundaries of the Borough. The

area in question comprises an estimated 5,545 square miles, including Hyder and Meyers Chuck.

Borough officials indicate that the petition is currently under development.



## Borough Detachment

Borough detachment activities occurred in the following communities during 2003:

- ➡ Eagle River
- ➡ Trapper Creek

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### Eagle River

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A legislator has requested information and forms regarding detachment of the Eagle River area from the Municipality of Anchorage. LBC staff is revising the detachment petition form and related material to send to the legislator. At this time, it appears that the detached area would be seeking either home-rule or first class borough or city incorporation.

There have also been articles in the Anchorage and Eagle River papers regarding the issue of detach-

ment. While the articles speak of “seceding” the area from the Municipality of Anchorage, the legal term for the action being sought is “detachment”. The only forms of municipal alterations authorized under statute are annexation, consolidation, detachment, dissolution, merger, name change, reclassification, and unification.

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### Trapper Creek

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A resident of Trapper Creek asked for information about standards and procedures for detachment of the Trapper Creek area from the Matanuska-Susitna Borough. The inquiry was motivated by the prospect that the Matanuska-Susitna Borough is reportedly contemplating the closure of the Trapper Creek school because of low enrollment.





## Consolidation

Consolidation activities occurred in the following localities during 2003:

- Haines Borough
- Ketchikan Gateway Borough
- Kodiak Island Borough
- Northwest Arctic Borough



### Haines Borough

LBC staff provided a six-page letter to the Haines Borough responding to questions from the Borough Manager regarding the Haines Borough Charter and consolidation documents regarding transition measures. Particular attention was given to the issue of extending sales taxes areawide.

### Ketchikan Gateway Borough

A group of citizens in Ketchikan, known as the “Ketchikan One Government Committee” – a subcommittee of the Greater Ketchikan Chamber of Commerce – developed an application for an initiative

petition to place the following question on the October 7, 2003, ballot:

Shall a commission be elected to prepare a petition, including a home rule charter, to consolidate the City of Ketchikan and the Ketchikan Gateway Borough and shall the Ketchikan Gateway Borough file the petition with the Local Boundary Commission by September 30, 2004?

LBC staff provided extensive information and materials to the group and local government officials regarding the matter. The Ketchikan Gateway Borough Clerk approved the application for an initiative petition

On August 13, the Ketchikan One Government Committee filed the initiative petition. The petition had been signed by nearly 900 individuals; 598 valid signatures were required for certification. On August 14, the Ketchikan Gateway Borough Clerk certified the petition.

On October 7, 2003, voters approved the initiative by a margin of 54.5 percent to 45.5 percent. On January 13, 2004, voters will elect seven members to serve on the consolidation commission. Three members will be elected from the area within the City of Ketchikan, three members will be elected from the part of the Ketchikan Gateway Borough outside the

boundaries of the City of Ketchikan, and one member will be elected from the Borough at large. The Commission must prepare a petition, including a home-rule charter, for consolidation of the City of Ketchikan and the Ketchikan Gateway Borough. The petition must be submitted to the Local Boundary Commission before September 30, 2004.

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### Kodiak Island Borough

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A citizen of Kodiak is actively pursuing the prospect of a voters' initiative for consolidation of the City of Kodiak and the Kodiak Island Borough. LBC staff provided extensive information and materials to the individual.

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### Northwest Arctic Borough

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A local official expressed interest in consolidating the Northwest Arctic Borough with all of the city governments within the Borough (with the possible exception of the City of Kotzebue).

## Special Projects

In 2003, the Local Boundary Commission carried out two significant special projects. Those involved:

- review of the unorganized borough
- study of school consolidation opportunities

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### Review of the Unorganized Borough

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Chapter 53, SLA 2002 directed the Local Boundary Commission to report to the First Regular Session of the Twenty-Third Alaska State Legislature which areas of the unorganized borough meet borough incorporation standards.

The Commission began its review of the unorganized borough shortly after Chapter 53, SLA 2002 took effect on September 17, 2002.

The Commission met six times concerning the unorganized borough review: October 22, November 13, and December 9, 2002; January 17, February 8, and February 11, 2003. During the February 8, 2003, meeting, the Commission held a statewide hearing on the matter and received testimony from residents of twenty-seven

communities. Extensive written comments were also submitted to the Commission.

The Commission submitted its report to the Legislature on February 19, 2003.<sup>7</sup> Chapter 1, consisting of 34 pages, addressed fundamental public policy issues relating to borough incorporation. Chapter 2, comprising 56 pages, provided details about the borough incorporation standards established in the Constitution of the State of Alaska, Alaska Statutes, and Alaska Administrative Code. Those standards relate generally to four broad areas: (1) economic capacity; (2) population size and stability; (3) regional commonalities; and (4) broad public interest. Chapter 3 of the report provided 126 pages of analysis that applied the borough incorporation standards to areas of the unorganized borough.

The Commission concluded that seven unorganized areas meet the standards for borough incorporation.

<sup>7</sup> *Unorganized Areas of Alaska that Meet Borough Incorporation Standards*, Local Boundary Commission, February 2003 (hereafter "2003 Unorganized Borough Report").

Those areas are the Aleutians West Model Borough; Chatham Model Borough; Copper River Basin Model Borough; Glacier Bay Model Borough; Prince William Sound Model Borough; Upper Tanana Basin Model Borough; and Wrangell-Petersburg Model Borough.

The Commission also carefully considered one additional area – the Prince of Wales Island region. However, the Commission declined to render a finding as to whether the Prince of Wales Model Borough has the human and financial resources to support borough government.<sup>8</sup>

### **Study of School Consolidation Opportunities**

The 2003 Alaska Legislature directed the Local Boundary Commission and the Department of Education and Early Develop-

ment (“Department” or “DEED”) to address matters relating to school consolidation. Specifically, the legislative directive, which appears on page 10, Section 1, Chapter 83, SLA 2003, provides as follows:

It is the intent of the legislature that (1) the . . . Commission identify opportunities for consolidation of schools, with emphasis on school districts with fewer than 250 students, through borough incorporation, borough annexation, and other boundary changes; (2) the . . . Commission work with the Department . . . to fully examine the public policy advantages of prospective consolidations identified by the . . . Commission, including projected cost savings and potential improvements in educational services made possible through greater economies of scale; and (3) the . . . Commission with the Department . . . report their findings to the legislature no later than the 30th day of the Second Session of the 23rd Legislature.

A working draft report on consolidation was completed on November 26, 2003, and reviewed by the Commission at its public meeting of December 17, 2003. The purpose of the meeting was to (1) review the November 26 working draft report on school consolidation prepared by LBC

staff; (2) address plans for the final report; (3) discuss plans for future meetings and hearings regarding school consolidation; and (4) deal with other matters relating to the topic.

At the meeting, the DEED took the position that its role in the study effort would be limited to providing financial analysis of consolidation proposals only after the LBC or others have identified specific opportunities for school consolidation. The Commission concluded that work on the school consolidation study could not proceed without critical input from the DEED.

The Commissioners asked the LBC Chair to confer with the Commissioner of DEED to determine what information it would be providing. The legislative directive called for the study to be completed by February 10, 2004.

<sup>8</sup> There are two resolutions pending in the Legislature that would require the Local Boundary Commission to consider specific proposals for the establishment of organized boroughs in specific areas listed in the resolutions. Those resolutions are Senate Concurrent Resolutions 12 and 17.

## Litigation Involving the Local Boundary Commission

### Skagway Borough Incorporation

On November 27, 2002, the Petitioner for incorporation of the Skagway Borough filed an appeal of the Commission's decision in Superior Court in Juneau. Five points are designated on the appeal. The case (Case No. 1 JU-02-0124 CI) is currently pending.

### Homer Annexation

Annexation of 4.58 square miles to the City of Homer pursuant to Article X, Section 12 of the Constitution of the State of Alaska became effective on March 20, 2002. The Commission's decision in the matter was appealed to Superior Court by Kachemak Area Coalition, Inc. d/b/a/ Citizens Concerned about Annexation, and Alaskans Opposed to Annexation, and Abigail Fuller (Consolidated Case No. 3AN-02-4626 CI).

On December 4, 2003, the superior court affirmed the Commission's action with

respect to four of five fundamental points on appeal. However, the court found that the LBC erred when it did not discuss the impact annexation would have on a borough service area that was partially annexed to the City of Homer. The court has ordered a remand to the LBC to discuss the impact of annexation on that service area. On December 15, 2003, the LBC requested reconsideration of the court's decision. The court issued an order on December 23, 2003, denying the Commission's request for reconsideration.

## Assessment of the Work and Effectiveness of the Local Boundary Commission

At the direction of Governor Murkowski, DCED prepared an assessment of the work and effectiveness of the LBC. The DCED issued its report of that assessment on August 1, 2003. The full assessment was 16 pages and addressed the following topics:

- purpose of the assessment;
- relationship between the LBC and DCED;

- constitutional origins of the LBC and Alaska's local government agency;
- duties and functions of the LBC;
- LBC membership;
- laws relating to LBC;
- areas of controversy;
- successes of the LBC in 2002;
- pending activities of the LBC;
- resources needed to support the LBC;
- recommendations for change; and
- conclusion.

The assessment concluded that:

1. the LBC and its staff perform a critical role with respect to the establishment and alteration of municipal governments in Alaska;
2. they exhibit expertise and proficiency in carrying out their respective duties; and
3. the LBC operates efficiently and effectively, most particularly in view of the fact that it is not a full-time agency and its members must put their full-time jobs on hold while considering and acting on LBC business.

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